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SUBJECT: AMBASSADOR VISITS BOLIVAR STATE

Classified By: Abelardo A. Arias, Political Counselor, for Reason 1.4(d)
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Summary

11. (U) The Ambassador's visit to the state of Bolivar on February 16 and 17, included meetings with the Mayor of Ciudad Bolivar, Director General of Ciudad Guayana, a local Chavista university, local press, various business leaders, American citizens in the area, as well as visits to USAID-supported social projects. Bolivar State, located in southeastern Venezuela and bordering Brazil, is home to Angel Falls, large mineral deposits, and a stronghold of supporters of President Hugo Chavez. The climate for American business there remains generally positive, despite the political disagreements between the U.S. and Venezuela. Businesses reported some challenges, but said that they work with whoever governs. The Ambassador focused on areas of business cooperation. End Summary.

Background

12. (U) Ciudad Bolivar, the state capital, is rich in Venezuelan history with colonial architecture and has a large student community. By contrast, Ciudad Guayana is a young city, founded in 1952. It was formed by two cities, San Felix, home to workers and small businesses, and Puerto Ordaz, described as a Corporacin de Venezolana de Guayana (CVG) company town and more planned community.

Political Climate

13. (C) Bolivar State Governor, Francisco Rangel Gomez, and his staff did not meet with the Ambassador citing an emergency. In Ciudad Bolivar, the Ambassador ultimately met with the Director General of the Municipality, not the mayor. Press sources informed us that the government officials, all representatives of the MVR, Chavez's political party, did not see the Ambassador for political reasons. This is consistent with governors' performance in other recent internal travel.

14. (U) Ciudad Guayana Mayor Clemente Scotto, a former participant in the International Visitor's program, formally received the Ambassador in his offices. The Ambassador stressed interests in continued collaboration between the both countries, close relations with the Mayor, and support for the private sector. Acknowledging the strong presence of the American firms, Scotto said he wanted to work with the private sector to meet community needs, particularly environmental and social needs. The Mayor expressed an interest in participating in an exchange with U.S. cities that, like his, are located near rivers.

15. (U) Student protesters at the Universidad Nacional Experimental Simon Rodriguez (UNESR) greeted the Ambassador with anti-imperialist and anti-U.S. chants. As the Ambassador met with the Board of Directors and four student representatives to discuss areas of disagreement, and common interests, protesters could be heard from outside. The student representatives voiced the university's anti-imperialist position and their opposition to U.S. policies. Responding to the student's concerns, the Ambassador invited the UNESR faculty and students to participate in exchange programs. At the end of the visit he startled the student leader by smilingly presenting him with a gift book wrapped in American flag paper. To the student's probably annoyance, this became the main press photo of next day's papers.

Economic Climate

16. (U) From meetings with the Camara de Industriales y Mineros De Guayana, local American citizens, and U.S. company Hecla Mining, the Ambassador found a business climate generally receptive to U.S. companies - albeit with some challenges. The Ambassador's message was that he would try to: support the commercial interests of U.S. companies in

Venezuela; maintain as positive a tone as possible; and stress the benefits for the community from private sector investments in the region, such as jobs and social projects. In all three meetings, participants praised the Ambassador's visit.

17. (U) In a lunch discussion hosted by the Camara de Industriales y Mineros De Guayana, the Ambassador said that, sometimes, political matters impact economics. Chamber President Igor Villegas Vivas asked for the Ambassador's assistance regarding Venezuela's ranking as a Tier 3 country for trafficking in persons. -The Ambassador noted the requirements of U.S. law and our unsuccessful efforts to obtain appropriate information from the GoV to overcome the hurdle.

HECLA: Largest Gold Producer

18. (C) The Ambassador had a private meeting with Hecla Mining Company, a publicly-traded U.S. company that mines silver and gold. Hecla Venezuela is the largest producer of gold in Venezuela and the largest private employer in southern Bolivar State, supporting 800 direct jobs and 1,200 indirect jobs. Hecla hopes to increase its production by 20 percent in 2005. During Hecla's five years in Venezuela, said Hecla de Venezuela President Tom Fudge, political instability had chased out competition when gold prices dropped. Hecla has not seen competition return in greater numbers since gold prices have started to rise. Like other U.S. companies doing business in Venezuela, Hecla says they face bureaucracy; inefficiency; difficult to enforce legal rights and contracts; and corruption. Hecla is now concerned about the changes the new Ministry of Basic Industries and Mining may bring, according to Fudge.

Social support

19. (U) Stressing the benefits that come from the relationship between the U.S. and Venezuelan people, the Ambassador visited USAID-supported social projects. Local educational officials plus the press attended the event at the Center Helen Keller. This center currently helps 35 blind students. The new facilities, financed by a grant of \$34,000 from USAID, will allow the center to accommodate 15 wait-listed students, bringing the total number of students to 50. This grant will pay for equipment, such as braille printer and software, and materials for facility repairs, such as tiles, metal doors, lights, and plumbing work. The Ambassador also visited Ma-Jokaraisa, a preschool that meets the educational needs of 120 children from ages 3) 5. USAID is supporting the preschool with \$32,000 to replace the plumbing and electrical system, the roof, the floor, repair of the semi-industrial kitchen, and painting. Local press covered both visits.

Justice system and human rights

110. (U) Three judges who had previously traveled to the United States on public affairs grants provided their perspective on the justice system and the problems with long delays for defendants to reach trial. They noted that defense attorneys at times cause further delays by advising their clients to postpone trial until they have been in jail for two years, when they will automatically be released. The judges also cited a lack of clear rules of evidence, contributing to disparate treatment under the law. Finally, the judges cited a need for politically independent judges, and the political will to address many of the system's issues.

111. (U) Ateneo Ecologico, a non-partisan NGO working both to promote human rights and on environmental issues, also provided information on the justice system and human rights concerns in the region. This project's prior work included gathering 550 journalists, photographers, radio announcers and producers, and communication/journalism students to expose human rights violations. Journalists presented examples from this work that included seven deaths and 15 injured in local jails, the poor conditions of the jails; and impunity for criminals and officials. The Ambassador focused

on the U.S. support for human rights. Two mining

conglomerates, Hecla and Gold Reserves de Venezuela, provide \$33,854 each to this project for a total of \$67,708 this first year.

Press coverage

12. (U) The Ambassador called on local daily &El Expreso,8 a centrist paper with a circulation of approximately 15,000 in Bolivar State, Amazonas and Anzoategui, and provided a simultaneous television and radio interview in Ciudad Guayana Correo del Caroni group. The president of this chain is David Natera, President of Bloque de Prensa, Venezuelan Editor,s Association. Press also attended various events. The Ambassador spoke about the benefits of bilateral trade: more jobs, more economic wealth, and a better way of life. He focused on areas of collaboration, noting disagreements between the two countries on democracy issues. In response to questions about US concerns about Venezuelan purchasing of arms, the Ambassador stressed the importance of transparency. Regarding the case of captured FARC leader Rodrigo Granda, the Ambassador stressed the bilateral nature of the Granda case between Colombia and Venezuela, but noted the U.S. interest in FARC as a terrorist group, that kills and kidnaps U.S. citizens and exports illicit drugs. While the Ambassador shared his positive impression of the economic development of the region, he underlined that stability and clear and concrete rules are important for the private sector. Press coverage, even for the Ambassador,s most contentious meeting at the university, was favorable. Brownfield

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